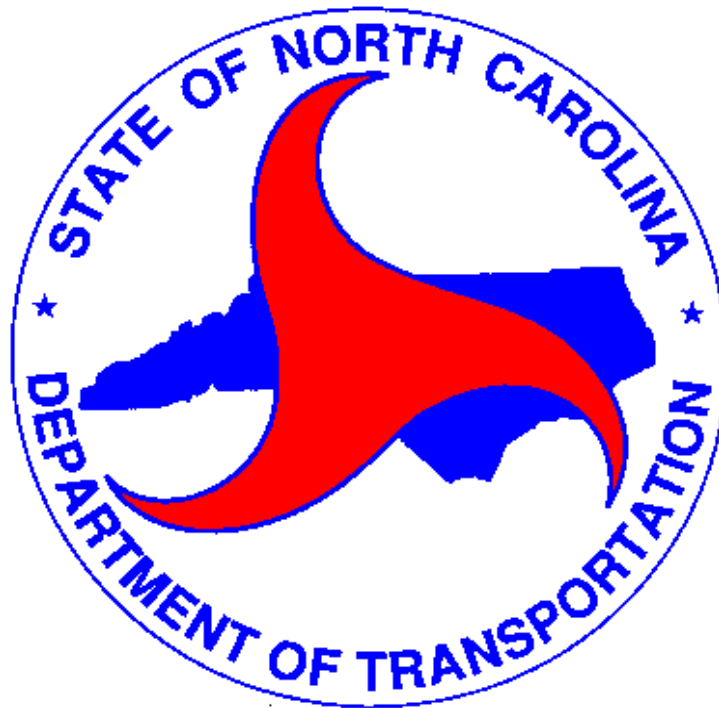# Introduction to Career-Banding, Technician SBP, and Engineering Pilot CBP
September 2004

North Carolina's Proposed Compensation Philosophy

- To ensure competitive compensation for all state employees within their defined labor markets.

- Salaries shall be at or about the market average for those employees who regularly exhibit successful work behaviors consistent with achieving the goals and mission of the agency/university.

How are we going to do this?

Career-banding

Definition:

The vertical and horizontal collapsing of classes into more generic classes with wider pay ranges where the development of career paths is a fundamental design consideration.

Goals of the New System

- To encourage the development of competencies/skills.

- To reduce classes and simplify administration.

- To be responsive to market changes.

- To enhance recruitment and retention of successful employees.

Goals of the New System (cont.)

- To be cost effective and budget driven.
- To delegate decision-making to lowest practical level (management flexibility).
- To create an easily understood classification and pay system.
- To ensure equitable treatment of all employees.

Challenges to Career-Banding, Skill Based Pay, and Competency Based Pay

- Training commitment.
- Cultural change.
- Non-hierarchically structured groups.
- Integration with other HR programs.
- Dual systems.

Management's Role

- Use the ten Pay Factors in determining and managing employees' pay.

- Make pay decisions based on the business needs of the organization.

- Document pay decisions.

- Advise employees on career development.

Employee's Role

- Self-management.
- Develop competencies/skills.
- Contribute to organization's mission.

Comparison of Current Graded System & Career-Banding System

Current Graded System

- Narrowly defined classes
- Many class levels
- Emphasis on class relationships
- Pay based on longevity is emphasized

Career-banding System

- Broadly defined classes
- Few class levels
- Emphasis on pay and market
- Emphasis on aligning employees' salary with market averages

Comparison of Current Graded System & Career-Banding System (cont.)

Current Graded System

- Career growth mostly vertical (promotional)

- Typically budgeted at the range minimum

- Minimal budget planning for human resources issues; usually fiscal year

Career-banding System

- Career growth both horizontal and vertical

- Budget at market; career-band salary adjustments

- Emphasis on advanced and continual budget planning

So Where Does Skill Based Pay and Competency Based Pay Fit In?

Journey Market Rate (JMR)

Definition:

The average salary of competitors in the relevant labor market for a banded class as determined by comparisons of benchmark jobs. Slotting my be used to establish the rate where no labor market information is available.

Pay Factors in NC's Market-Based System

- Organization business need

- Market Reference Rate (MRR) +/- 5%

- Duties and responsibilities

- Work experience and education

- Training, certification, and licensing

- Average Market Rate (AMR) +/- 5%

- Market viability

- Knowledge, skills and competencies

- Internal pay alignment

- Current salary and total compensation

Transportation Technician Skill Based Pay and Engineering Pilot Competency Based Pay

Committee Structure

Committee	*Members*	*Responsibility*
Steering Committee	Executive Level Management in Areas with Information Technology Positions	• Review and approve project schedule and methodology. • Determine members of Oversight Committee. • Approve coordination with Office of State Personnel. • Review and approve career development plans, competencies and procedures related to salary administration.
Project Manager	Classification and Compensation Senior Analyst	• Serve as liaison between Oversight Committee and Steering Committee. • Recommend project schedule and methodology. • Coordinate with the Office of State Personnel. • Ensure consistency among the focus groups.

Committee	*Members*	*Responsibility*
Oversight Committees	HR Consultant Chairperson Other Members - Broad representation of functional groups.	• Assist Chairpersons in planning and directing Oversight Committee meetings. • Ensure the sharing of information between Oversight Committees. • Provide HR expertise • Available to attend Work Group meetings. There will be critical times during work group meetings that the HR consultants will definitely need to attend. • Lead Oversight Committee meetings. • Establish timelines and procedures for work teams and ensures milestones and key dates are met, based on time frames established by Steering Committee. • Schedule meetings and set agenda. • Recommend competencies and progressions to Steering Committee • Identify members for technical focus groups. • Provide training, direction and review for focus groups. • Work with Project Manager in establishing competency values and progressions. • Ensure consistency across the various work groups.

Committee	Members	Responsibility
Focus Groups	Members selected to work on a particular functional area or task.	• Work within parameters set by the Oversight Committee. • Evaluate job duties and responsibilities for each type of work (role definitions). • Group comparable levels of work and identify common or "shared" competencies. • Identify core and functional/technical competencies. • Develop competency measures. • Identify knowledge, skill and ability requirements. • Identify areas impacted by technological changes. • Determine appropriate training and experience requirements. • Map out career progressions (i.e., reflecting horizontal and vertical movement). • Identify pertinent labor market sources. • Assist in valuing competencies. • Evaluate current workforce competencies.